

**UNITED STATES BANKRUPTCY COURT  
WESTERN DISTRICT OF MISSOURI**

<b>In Re:</b>	)	<b>In Proceedings Under Chapter 11</b>
<b>FARMLAND INDUSTRIES, INC., et al.,</b>	)	<b>Case No. 02-50557-JWV</b>
<b>Debtors.</b>	)	<b>Joint Administration</b>

**AGREEMENT BETWEEN DEBTORS, UNITED STATES  
ENVIRONMENTAL PROTECTION AGENCY AND  
KANSAS DEPARTMENT OF HEALTH AND ENVIRONMENT**

This Agreement is entered into by the Debtors, the Department of Justice ("DOJ") on behalf of the United States Environmental Protection Agency ("EPA"), and the Kansas Department of Health and Environment ("KDHE").

**RECITALS**

WHEREAS On May 31, 2002, the Debtors filed with this Court a voluntary petition for relief under Chapter 11 of the Bankruptcy Code. The Debtors continue to operate their businesses and manage their properties as debtors in possession in accordance with Sections 1107 and 1108 of the Bankruptcy Code.

WHEREAS On December 8, 2003, EPA and KDHE filed their objections to Debtors' Plan of Reorganization. The EPA, KDHE and others having withdrawn their objections to the Plan and the Court having reviewed the evidence, this Court entered an Order approving the Plan on December 19, 2003. This Agreement is part of the agreed resolution for EPA's and KDHE's withdrawal of their objections to the Plan.

## AGREEMENT

1. EPA will receive an allowed unsecured claim against Debtor Farmland Industries, Inc., in the amount of \$940,000, for future costs which are related to pre-petition conduct at the Obee Road Site, which will include the 4<sup>th</sup> & Airport Road Subsite, the East 4<sup>th</sup> Street Facility, and Farmland's former warehouse at 3501 East 4<sup>th</sup> Avenue in Hutchinson, Kansas (collectively, the "Site"). Pursuant to the settlement agreement between EPA and the Debtors approved by this Court on July 22, 2003 (the "EPA Settlement"), EPA already has an Allowed Unsecured Claim for past response costs regarding this site. Based upon EPA receiving the foregoing allowed claims for past and future costs, Debtor's obligations to both EPA and KDHE at this site under Sections 106 and 107 of CERCLA, 42 U.S.C. §§ 9606 and 9607, and Section 7003 of RCRA, 42 U.S.C. § 6973, and similar laws of the State of Kansas, arising from pre-petition conduct by Debtor shall be considered fully resolved and discharged, consistent with those terms which apply to Liquidated Sites in the EPA Settlement, including contribution protection and the mutual covenants not to sue contained in the EPA Settlement which apply between EPA and/or the United States and the Debtor for Liquidated Sites. Moreover, based upon the allowance of the above claim, KDHE covenants not to sue Debtor, and Debtor covenants not to sue KDHE. Both the Debtor's and KDHE's covenants not to sue are subject to the same reservations as those which apply to EPA in the EPA settlement. By entering into this Agreement, it is stipulated that any and all, known or unknown, obligations of Farmland under KDHE orders 96-E-0247 and 95-E-0236 are terminated.

2. All moneys paid to the United States with respect to the foregoing allowed claim pursuant to this Agreement shall be deposited in the Obee Road Site Special Account within the EPA Hazardous Substance Superfund to be retained and used to conduct or finance response

actions at or in connection with the site or to be transferred by EPA to the Hazardous Substance Superfund.

3. This Agreement shall be lodged with the Court for a period not less than thirty days for public notice and comment. After the conclusion of the public comment period, the United States will file with the Court any comments received, as well as the United States' responses to the comments, and at that time, if appropriate, the Court will be requested by motion of the United States to approve this Agreement. The United States reserves the right to withdraw or withhold its consent if the comments regarding this Agreement disclose facts or considerations which indicate that this Agreement is not in the public interest.

4. Each person entering into this Agreement represents that he or she has full authority and capacity to enter into this Agreement.

FOR DEBTORS AND DEBTORS IN  
POSSESSION

By: \_\_\_\_\_

Laurence M. Frazen	MO #31309
Cynthia Dillard Parres	MO #37826
Robert M. Thompson	MO #38156
BRYAN CAVE LLP	
1200 Main Street, Suite 3500	
Kansas City, Missouri 64105	

**In Re: Farmland Industries, Inc., et al.: Agreement Between Debtors, United States  
Environmental Protection Agency and Kansas Department of Health and Environment**

FOR THE UNITED STATES OF AMERICA

7.6.04  
Date

\_\_\_\_\_  
Thomas L. Sansonetti  
Assistant Attorney General  
Environment and Natural Resources Division  
U.S. Department of Justice  
Washington, D.C. 20530

\_\_\_\_\_  
Date

\_\_\_\_\_  
Frederick S. Phillips B.C. #433729  
Environmental Enforcement Section  
Environment and Natural Resources Division  
U.S. Department of Justice  
P.O. Box 7611  
Washington, D.C. 20044-7611  
\_\_\_\_\_

In Re: Farmland Industries, Inc., et al.: Agreement Between Debtors, United States  
Environmental Protection Agency and Kansas Department of Health and Environment

4/20/04  
Date



---

Cecilia Tapia, Director  
Superfund Division  
U.S. Environmental Protection Agency  
Region 7  
901 North Fifth Street  
Kansas City, KS 66101

4/20/04  
Date

---

Howard C. Bunch  
Assistant Regional Counsel  
U.S. Environmental Protection Agency  
Region 7  
901 North Fifth Street  
Kansas City, KS 66101

**In Re: Farmland Industries, Inc., et al.: Agreement Between Debtors, United States  
Environmental Protection Agency and Kansas Department of Health and Environment**

FOR THE STATE OF KANSAS

\_\_\_\_\_  
Date

\_\_\_\_\_  
Roderick L. Bremby, Secretary  
Kansas Department of Health and Environment  
1000 SW Jackson  
Topeka, KS 66612